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Proposed General Bankruptcy and Restructuring
Counsel for Debtor and Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re

COLDWATER DEVELOPMENT LLC,
a California limited liability company,

Debtor and Debtor-in-Possession.

Proposed Lead Case:
Case No.: 2:21-bk-10335-BB

Chapter 11

In re

LYDDA LUD, LLC, a California limited
liability company,

Debtor and Debtor-in-Possession.

Case No.: 2:21-bk-10336-BB

Chapter 11

[Joint Administration Requested]

☒ Affects both Debtors.
☐ Affects Coldwater Development, LLC
only.
☐ Affects Lydda Lud, LLC only.

Debtors and Debtors-in-Possession.

**DECLARATION OF MOHAMED
HADID IN SUPPORT OF MOTION
FOR ORDER DIRECTING JOINT
ADMINISTRATION OF RELATED
CASES PURSUANT TO FEDERAL
RULE OF BANKRUPTCY
PROCEDURE 1015(b) AND LOCAL
BANKRUPTCY RULE 1015-1**

*[No Hearing Required Under Local Bankr.
R. 9013-1(q)]*

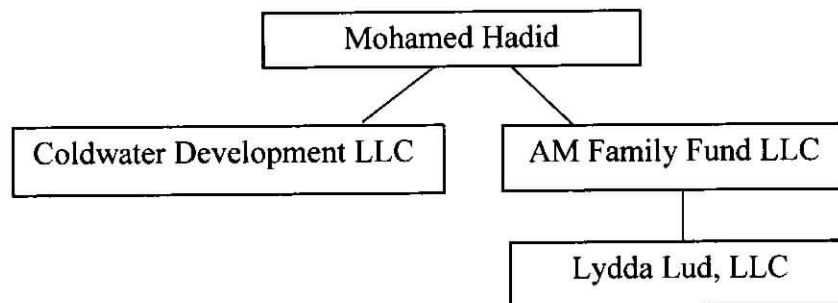
1 I, Mohamed Hadid, declare as follows:

2 1. I am over 18 years of age. I am the principal and member of the debtors and
3 debtors-in-possession, Coldwater Development LLC ("Coldwater") and Lydda Lud, LLC
4 ("Lydda") (collectively the "Debtors"). Except as otherwise indicated herein, all facts set forth in
5 this declaration (the "Declaration") are based upon my personal knowledge or information
6 supplied to me by my employees, counsel and advisors.

7 2. I submit this declaration in support of the concurrently-filed *Motion for Order*
8 *Directing Joint Administration of Related Cases Pursuant to Federal Rule of Bankruptcy*
9 *Procedure 1015(b) and Local Bankruptcy Rule 1015-1.*

10 **Relationship Between Coldwater and Lydda**

11 3. Coldwater and Lydda share a common principal. As illustrated below, I am the
12 sole member and 100% owner of Coldwater. With respect to Lydda, I am the sole member and
13 100% owner of AM Family Fund, LLC, which owns 100% of Lydda.



19
20 **Dispute Concerning the Debtors' Property**

21 4. The Debtors collectively own six (6) highly prized, vacant, entitled, residential
22 estate lots (the "Property"), totaling 65.61 acres, that are located in the Santa Monica Mountains
23 above Beverly Hills.¹

24 5. The Property is encumbered by a deed of trust to secure a loan ("Loan") issued by
25 Romspen California Mortgage Limited Partnership (the "Original Lender") for the principal
26 amount of \$25 million. The other liens are comparatively nominal and relate to property taxes that
27

28 ¹ Coldwater owns two (2) lots identified by the Assessor's Parcel Number (APN) 4387-021-018 and 4387-021-019.
Lydda owns four (4) lots identified as APN 4387-022-001, 4387-022-002, 4387-020-001, and 4387-020-009.

1 are due and owing as well as an abstract of judgment for what appears to be unpaid legal fees.

2 6. The Property was also recently appraised, and according to a third party appraisal
3 report, dated November 15, 2020, the “as is” market value of the Property was \$131 million. At
4 this valuation all creditors with valid secured claims against the Debtors are over secured and
5 adequately protected by over \$100 million of equity in the Property. The appraisal report, dated
6 November 15, 2020, was prepared by Paul Jackie & Associates, Inc. and will be presented for
7 review upon request.

8 7. For years the Property has been the subject of a contentious dispute initiated by an
9 activist group called “Friends of the Hastain Trail” (the “State Court Plaintiffs”). In September
10 2011, the State Court Plaintiffs filed a complaint against the Debtors to, among others, quiet title
11 to a public recreational trail easement through the Property². After receiving an unfavorable
12 decision from the lower court, the Debtors appealed the lower court’s ruling and judgment. In a
13 published opinion, the California Court of Appeal reversed the lower court’s judgment against the
14 Debtors, and instead, held that a public trail easement had not been established on the Property.³
15 The appellate court’s decision was made final when the California Supreme Court declined to
16 review the matter.

17 8. On information and belief on or around September 11, 2020, an entity called, Give
18 Back, LLC (“Give Back”), purchased the Loan from the Original Lender and was assigned the
19 beneficial interest under the related deed of trust recorded against the Property. Shortly thereafter,
20 Give Back initiated foreclosure proceedings against the Debtors. The foreclosure sale was
21 scheduled to occur on January 20, 2021. On September 17, 2020, Give Back also filed a state court
22 action against me for breach of a guaranty agreement related to the Loan.

23 9. Around the same time, in September 2020, the Debtors entered into a forbearance
24 agreement to address the loan default. For the last four (4) months, the Debtors have sought to
25 refinance the Loan and secure funding from a new lender to pay off Give Back. However, on at
26 least one occasion an interested lender has declined to extend financing to the Debtors for the

27
28 ² The Los Angeles Superior Court action filed by the State Court Plaintiffs is entitled, *Friends of the Hastain Trail, et al. v. Coldwater Development, LLC, et al.*, Case No. BC469573.

³ See *Friends of Hastain Trail v. Coldwater Dev. LLC*, 1 Cal. App. 5th 1013 (2016).

1 Property after inspecting the property and finding fraudulent "Public Notice" signs that encouraged
2 hikers to challenge the Debtors' building permit applications. The fraudulent signs are not only
3 contrary to the final decision of the California Court of Appeals, but they imply that the Property
4 is and will continue to be embroiled in frivolous litigation, which along with the disruptions to the
5 high-end real estate market associated with the global COVID-19 pandemic, have deterred and
6 undermined the Debtors' attempts to refinance the loan.


7 10. I am informed and believe that the "Public Notice" signs are fraudulent because they
8 are not posted by an official governmental entity in accordance with applicable state or federal law,
9 but were put on the Property by an individual without permission or authority to be on the Property.

10 11. I am informed and believe that Give Back is working with or aligned with the State
11 Court Plaintiffs to impose an easement on the Property and deprive the Debtors' of their property
12 rights. I also believe that Give Back may share responsibility for the posting of the false "Public
13 Notice" signs.

14 12. When efforts to resolve the loan default with Give Back failed and the Debtors'
15 attempts to refinance the Loan continued to be undermined by the appearance of fraudulent notices,
16 I determined that it best served the interests of the Debtors and their creditors to file for chapter 11
17 bankruptcy relief so that the Property's value may be preserved while the Debtors work to refinance
18 the Property in a manner that will allow the Debtors to effectuate their plan and monetize the
19 Property for the maximum value.

20 I declare under penalty of perjury under the laws of the United States of America that the
21 foregoing is true and correct.

22
23 Executed on Monday, January 19, 2021, at Los Angeles, California.

24
25 
26 Mohamed Hadid

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

Arent Fox LLP, Gas Company Tower, 555 West Fifth Street, 48th Floor, Los Angeles, CA 90013.

A true and correct copy of the foregoing document entitled (*specify*): **DECLARATION OF MOHAMED HADID IN SUPPORT OF MOTION FOR ORDER DIRECTING JOINT ADMINISTRATION OF RELATED CASES PURSUANT TO FEDERAL RULE OF BANKRUPTCY PROCEDURE 1015(b) AND LOCAL BANKRUPTCY RULE 1015-1** will be served or was served (**a**) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (**b**) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (date) **01/19/2021**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (date) **01/19/2021**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

JUDGE

Honorable Sheri Bluebond
United States Bankruptcy Court
255 E. Temple Street, Suite 1534
Los Angeles, CA 90012

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

01/19/2021
Date

AYLIN SOOKASSIANS
Printed Name

/s/ Aylin Sookassians
Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

Eryk R Escobar on behalf of U.S. Trustee United States Trustee (LA)
eryk.r.escobar@usdoj.gov

M Douglas Flahaut on behalf of Debtor Coldwater Development LLC
flahaut.douglas@arentfox.com

Kenneth G Lau on behalf of U.S. Trustee United States Trustee (LA)
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Daniel A Lev on behalf of Interested Party Courtesy NEF
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Aram Ordubegian on behalf of Debtor Coldwater Development LLC
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Annie Y Stoops on behalf of Debtor Coldwater Development LLC
annie.stoops@arentfox.com, yvonne.li@arentfox.com

United States Trustee (LA)
ustpregion16.la.ecf@usdoj.gov